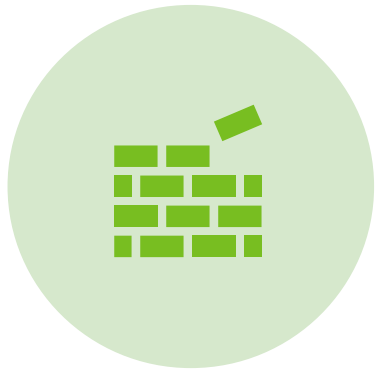




2026 Supplemental Budget

House Human Services Finance & Policy Committee
April 7, 2026

2026 DHS Governor's Budget



Transform the
Human Services
System



Respond to
Federal Action



Strengthen
program
integrity



Targeted
Investments



Curb spending
growth

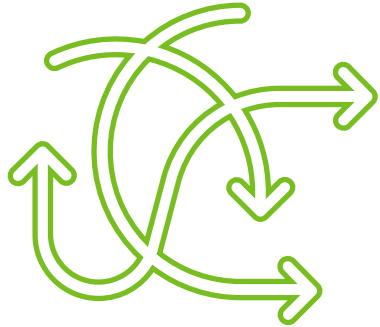
Summary of DHS Proposals (across jurisdictions)

Proposal Category	Proposals	FY26/27	FY28/29
Human Services Transformation	2	14,528	54,256
Federal Response	3	11,458	(34,794)
Program Integrity	10	(172,731)	(300,282)
Other Investments	4	1,959	13,921
Budget Neutral	10	(3,431)	(4,556)
Savings Proposals	6	(91,744)	(217,157)
Grand Total	35	(239,961)	(488,612)

A hand is shown placing a wooden block with a plus sign on top of a pyramid of other wooden blocks. The pyramid consists of four levels: the top level has one block with a plus sign; the second level has two blocks, one with a heart and ECG line, and one with a pill; the third level has three blocks, one with a first aid kit, one with a person in a wheelchair, and one with a syringe; the bottom level has four blocks, one with a blood drop, one with a bandage, one with a stethoscope, and one with a pill bottle. A dark blue banner with white text is overlaid on the bottom half of the image.

Transforming the Human Services System

Why transform the human services system?



Minnesota's human services system is challenging for people to navigate.

Program complexity has grown dramatically over time, making it difficult to administer within the current structure.



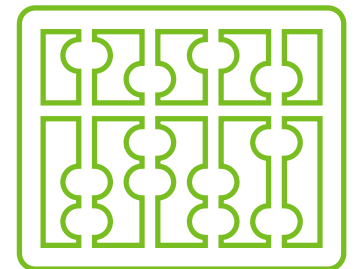
Disinvestment and underinvestment of administrative resources has led to challenges in supporting core functions.

Why transform the human services system?

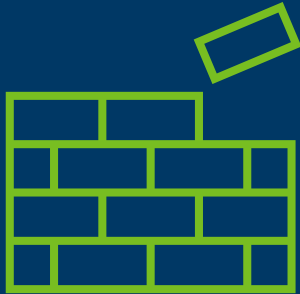


Operating a hybrid fee-for-service and managed care system results in siloed program integrity approaches and limited ability for the State to mitigate financial risk.

Decentralization of roles has resulted in different policies, procedures, and rules depending on where you live and who operates your benefit.



Human Services Transformation



Budget Book: Page 3

Fiscal Impact:
16.5M in FY26/27
54.6M in FY28/29

Transforms administration of the human services system to improve the system for people accessing support. This proposal provides the following strategies that would streamline program administration, ease local workforce challenges, provide single oversight over program policies and procedures, and ensure consistency and access to care across the state:

- Eliminates the use of Managed Care Organizations (MCOs) in Medicaid
- Shifts administration of some financial eligibility functions to the State
- Addresses MnCHOICES long-term care assessment backlogs
- Reforms Waiver Case Management by phasing out the use of contracted case management and identifying roles, responsibilities, and service rates
- Comprehensive study to develop recommendations on county, Tribal, and state roles and responsibilities in administering human services programs

Eliminate the Use of Managed Care Organizations (MCOs)

Currently

- 45% of spending and 80% of basic care is paid for through managed care, where the state pays a monthly capitation payment and the MCO pays claims
- MCOs set their own rates, provider network, prior authorization and billing requirements, and program integrity processes
- Financial, and integrity risks, fall on the state

Proposal

- Beginning January 1, 2029, transitions MA to a single Administrative Service Organization (ASO) model
- The ASO will be responsible for administrative functions related to healthcare claims
- The state will maintain all policy decision making

Outcomes

People will access the same provider network, rules, and processes, eliminating complexity and access barriers.

The State, and legislature, sets policy decisions for the Medicaid program.

The State, and legislature, can better influence spending and mitigate financial risk.

The State can better incorporate program integrity processes across the whole program rather than in siloed approaches.

Shifting MA Eligibility Functions

Currently

- Minnesota is one of 10 states with a state-supervised, county-administered human services system
- Counties and some Tribal Nations are responsible for determining a person's eligibility for Medicaid
- Challenges: Increased complexity, aging systems, large caseloads, and unfunded federal mandates

Proposal

- Beginning July 1, 2028, transitions eligibility functions to the state through a 2-phase process
- Phase 1: State takes manual eligibility processes and special programs eligibility processing
- Phase 2: Study and recommend how remaining eligibility functions would transfer to the state

Outcomes

Ease administrative burden and reduce complexity at the county-level.

Create a more seamless enrollee experience, removing the burden of providing the same documents in multiple places.

Co-create a long-term strategy with counties and Tribes.

Help ease the MnCHOICES assessment backlog

Currently

- Counties, managed care organizations, and Tribes are responsible to conduct assessments that determine an individual's program and service eligibility
- Delays often occur due to backlogs and resource constraints in completing these assessments
- The [average wait time](#) per initial assessment exceeds the timeline requirement in law and is growing

Proposal

- Creates a new team at DHS to conduct assessments to supplement and assist lead agencies with backlogs
- DHS will support cases where MA is pending, encounter systems barriers, or don't have case management
- Establishes a workgroup to develop long-term solutions to the MnCHOICES assessment process

Outcomes

Support counties in completing MnCHOICES assessments, easing access barriers for people seeking support.

Collect comprehensive, statewide information on MnCHOICES assessment processes to identify solutions to addressing MnCHOICES backlogs.

Co-create a long-term strategy with counties and Tribes.

Reform Waiver Case Management

Currently

- Waiver case managers are responsible for developing a person's support plan and ensuring that services meet the person's needs
- High case loads, unclear expectations, high turnover, low reimbursement, and increases in acuity and complex conditions
- Many counties and MCOs utilize contracted case management, resulting in varying enrollee experience and inconsistent oversight and expectations

Proposal

- Study to provide recommendations on the roles, responsibilities, and oversight requirements of waiver case management, as well as a new rate methodology to align rates with costs. Report will be submitted prior to the 2029 legislative session.
- Phase out of contracted case management by July 1, 2031.

Outcomes

Consistent oversight and expectations, improving the experience for people receiving services.

Waiver case management will be financed with a rate methodology that aligns with costs to provide the service.

Long-term roadmap for human services transformation

Objective: Conduct a comprehensive study on the role of the state, counties, and Tribal Nations in administering human services programs. Recommend changes to transform how human services are administered to the legislature in the 2029 legislative session.

Components of the Study

- Assess current roles and responsibilities
- Assess how other states administer human services, focusing on the roles of local governments versus state agencies
- Assess the financing of human services administration across the state agency, counties, and tribal nations
- Identify recommendations for what the ideal delegation of duties should be with the goal of having a transparent, accessible, accountable, equitable, and effective system
- Recommendations will include financing strategies and must consider workforce, systems, and timing considerations

Scope

- **DHS:** All programs and functions administered by DHS, including Medicaid, MinnesotaCare, behavioral health, housing programs, economic assistance, and licensing and oversight
- **DCYF:** Provider licensing functions, Fraud Prevention Investigation program, economic assistance programs, child support, and CCAP



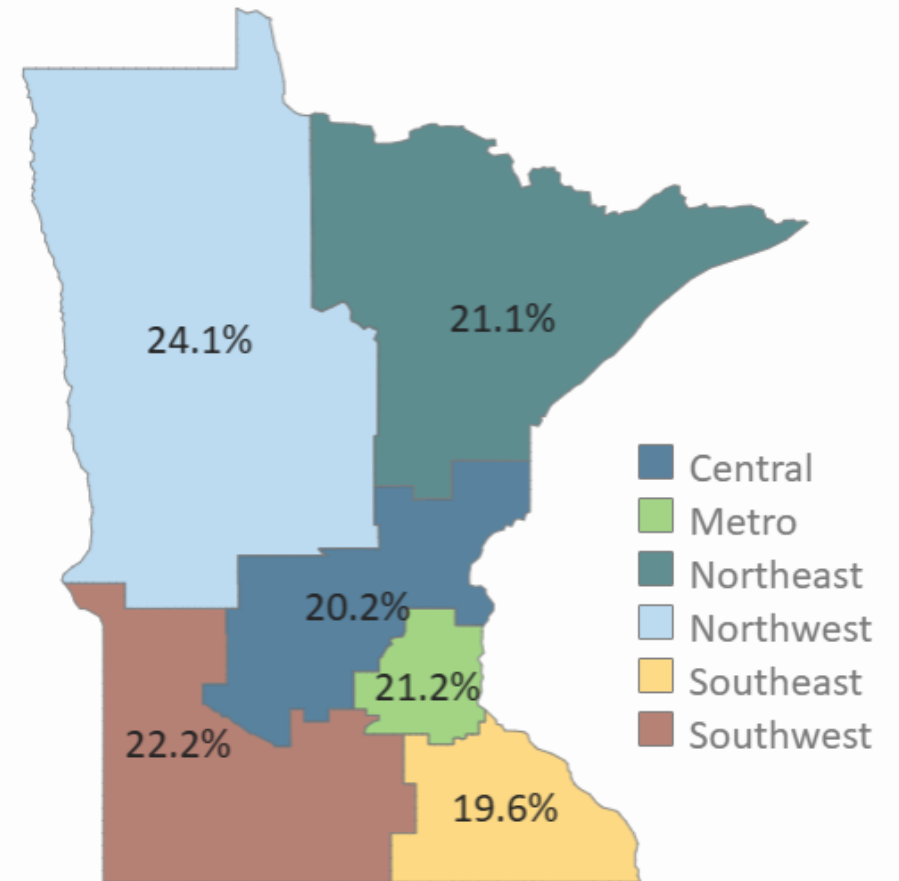
Responding to Federal Action

HR1 will impact all areas of the state and thousands of Minnesotans

On July 4, 2025, Congress passed H.R. 1 which made sweeping changes to Medicaid that will impact all corners of the state and [thousands of Minnesotans](#). These changes will:

- Result in loss of health care coverage for Minnesotans
- Increase uncompensated care for providers and hospitals
- Increase complexity in accessing and administering MA
- Reduce federal funding to states

This budget seeks to mitigate impacts to eligible Minnesotans, minimize burden on local governments, and provide strategies to effectuate aggressive federal implementation timelines.



HR.1 Provision by Effective Date



Medical Assistance Eligibility Changes Due to HR-1



Budget Book: Page 13

Fiscal Impact:
124k in FY26/27
-36.5M in FY28/29

Provides statutory changes and funding to comply with new Medicaid eligibility requirements from the 2025 federal budget reconciliation bill (H.R. 1).
Components of this proposal include:

- Work requirements for certain Medicaid applicants and enrollees
- Six-month eligibility renewals for certain Medicaid enrollees
- Changing retroactive coverage
- Obtaining enrollee address information
- Legal noncitizen full Medicaid coverage restrictions

Medical Assistance Eligibility Changes Due to HR-1 *(cont.)*

Six-month eligibility renewals for certain Medicaid enrollees

Effective January 1, 2027, states must conduct eligibility redeterminations every six months (rather than one year) for adult expansion enrollees who are not American Indian/Alaska Natives. This proposal conforms state law with this requirement and provides Navigator funding and DHS administrative resources to implement.

Obtaining enrollee address information

Effective January 1, 2027, states must use data from managed care plans, the United States Postal Service National Change of Address (NCOA) Database, returned mail, and other data sources identified by the Secretary of Health and Human Services (HHS) to regularly update Medicaid enrollee addresses. This proposal conforms state law with this requirement and provides administrative funding to implement.

Medical Assistance Eligibility Changes Due to HR-1 (*cont.*)

Work Requirements

Effective January 1, 2027, MA applicants and enrollees who are ages 21-64, who do not have children, are not pregnant and not seeking MA based on disability, also known as Minnesota's expansion population, will be subject to work/community engagement requirements if they do not meet an exemption.

This proposal conforms state law with these requirements and provides funding to implement this provision, including utilizing an external vendor to assist counties and the state in processing this change within the eligibility process.

Total Fiscal Impact of Work Requirements, 6-Month Renewals and Obtaining Address Information:

\$11M in FY27 and \$33.7M in FY28/29

Medical Assistance Eligibility Changes Due to HR-1 (*cont.*)

Legal noncitizen full Medicaid coverage restrictions (budget neutral)

For legal noncitizens age 21 or older who are not pregnant, HR1 limited legal immigration statuses eligible for MA to Lawful permanent residents, Cuban or Haitian Entrants, and Compact of Free Association Migrants. This proposal makes a technical budget neutral change in state law.

Limit retroactive Medicaid coverage

Current state law allows up to three months of retroactive coverage prior to the month of application. HR1 limited the federal retroactive coverage period to one month before the date of application for the adult expansion population and two months for all other Medicaid eligibility groups. The February forecast assumes the additional months are paid for with all state funds. This proposal modifies state law to align with the HR1-specified retroactive periods covered by a federal match.

Total Fiscal Impact of Limiting Retroactive Coverage:

-\$10.9M in FY27 and -\$70.1M in FY28/29

HR-1 Financing Related Response



Budget Book: Page 28

Fiscal Impact:
1.3M in FY26/27
1.7M in FY28/29

Statutory changes and funding to conform with the following financial provisions of federal legislation HR-1. Components include:

- Implements MA cost-sharing for enrollees who are adults without children with incomes between 100 and 133% of federal poverty level
- Strengthens Medicaid program oversight and support for county and tribal nation partners to increase eligibility determination accuracy and audit preparedness
- Establishes a ceiling of \$1,000,000 for permissible home equity values for individuals when determining eligibility for Medical Assistance for payment of long-term care services (MA-LTC)
- Technical change related to the MinnesotaCare Provider Tax.

Human Services Contingency Account



Budget Book: Page 36

Fiscal Impact:
10M in FY26/27

Invests \$10 million for the Human Services Response Contingency Account to respond to immediate needs related to supporting the health, welfare, or safety of the people of Minnesota and for which no other funding source is available.

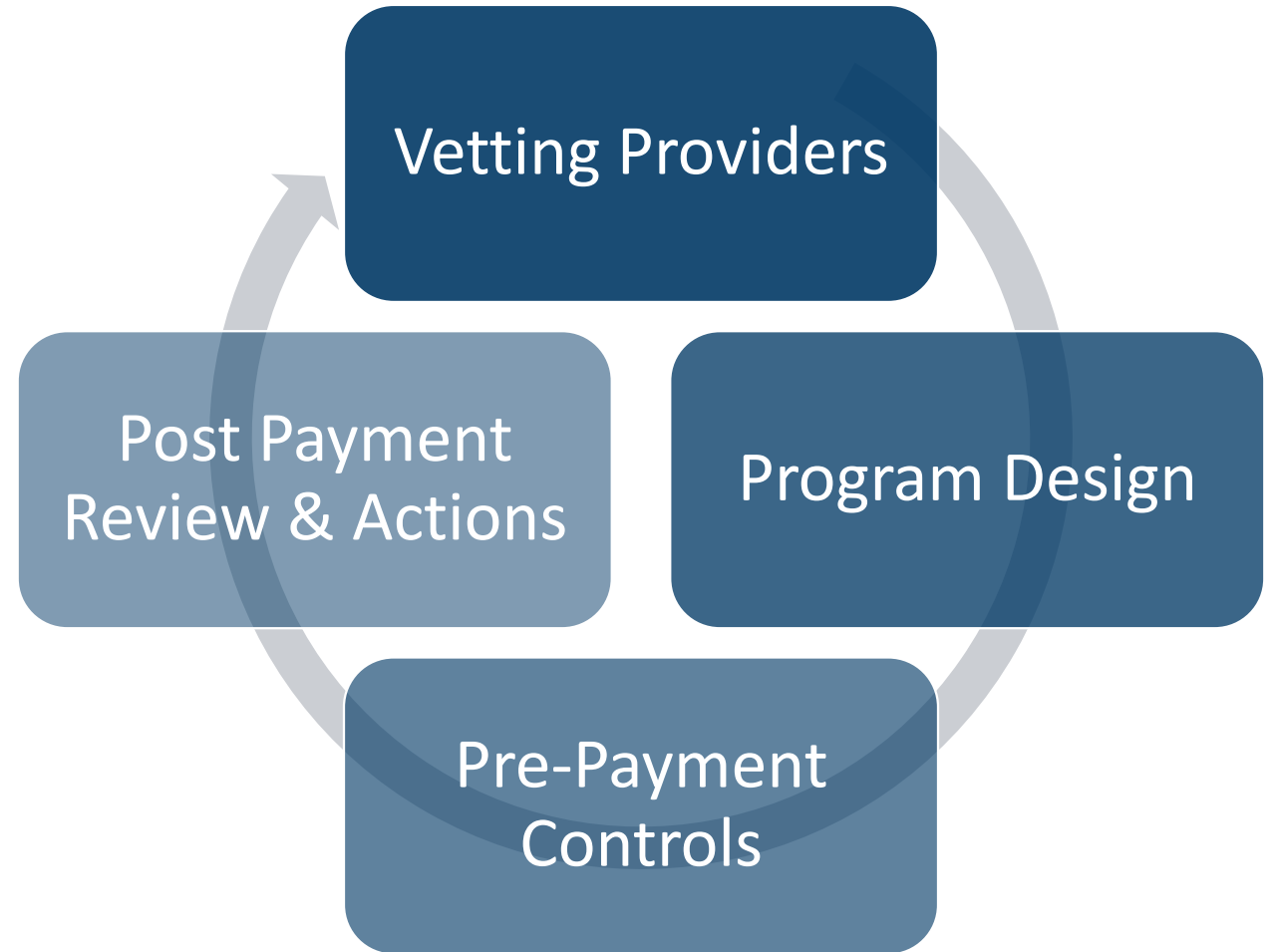
This is particularly needed due to federal action and federal funding uncertainty.

A close-up photograph of a person's hand holding a silver pen, poised over a calculator and some papers on a desk. The background is softly blurred, showing another person's hands working on documents. The overall scene suggests a professional or administrative setting.

Program Integrity

A Comprehensive Program Integrity Approach

A comprehensive program integrity approach incorporates strategies into the life cycle of the Medicaid program and provides a dynamic method for integrating learnings and changes over time into each strategy.



Modernizing Program and Payment Integrity Safeguards



Budget Book: Page 38

Fiscal Impact:
-167.9M in FY26/27
-4M in FY28/29

Implements a comprehensive systems approach to reduce fraudulent, wasteful or abusive billing practices in Minnesota's public health care programs. Investments include:

- Establishing comprehensive prepayment review of claims
- Establishing comprehensive post-payment review of claims
- Deploying predictive analytics and machine learning to continually inform prepayment review, post-payment review, program integrity investigations, and future Medicaid benefit design related to administration of program policies and regulations.

Enhancing Program Integrity in Medical Assistance



Budget Book: Page 45

Fiscal Impact:

24.3M in FY26/27

46.6M in FY28/29

Provides the following strategies to strengthen program integrity in Minnesota's public health care programs:

Data-driven Risk Assessment

Strengthens the provider enrollment process by establishing data-driven risk assessment pre-enrollment process for validating and approving eligible providers. The risk assessment will evaluate organizational readiness, financial stability, compliance history, provider's business registration with the Secretary of State and service necessity.

Enhance provider revalidation processes to meet federal requirements

Shortens the timeline providers must respond to revalidation and potential termination of enrollment from 120 days to 60 days.

Enhancing Program Integrity in Medical Assistance (*cont.*)

Strengthen accountability requirements for Managed Care Organizations (MCOs)

45% of Medicaid spending is paid through MCOs. MCOs are responsible for program integrity oversight and conducting procedures that effectively detect and prevent fraud, waste, and abuse. Additional resources and requirements in state law are needed to enhance state oversight over the contractual program integrity responsibilities of MCOs.

This proposal:

- Requires MCOs to conduct prepayment review
- Provides funding at DHS to conduct post-payment review of MCO claims
- Requires MCO program integrity actions to be publicly published similar to FFS claims
- Requires MCOs to implement all claims edits and policies required for FFS claims; and
- Adds additional staffing at DHS to enhance oversight over MCOs

Enhancing Program Integrity in Medical Assistance *(cont.)*

Strengthen background studies requirements for high-risk providers

Adds authority to conduct background studies for the following four high risk provider types: Adult Rehabilitative Mental Health Services (ARMHS), Peer Recovery, Adult Assertive Community Treatment (ACT), and Recuperative Care and provides systems funding to implement necessary systems changes.

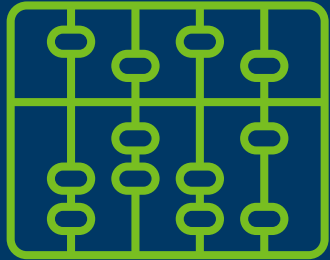
Funding a comprehensive evaluation of DHS structure and processes

Provides \$500,000 in fiscal year 2027 for phase two of the comprehensive evaluation of DHS's structure and processes. This one-time investment will fund final recommendations from an independent review that will enable the agency to increase program integrity, minimize fraud, and more effectively serve as the State's Medicaid agency.

Clarify communication methods for withholding and recovering funds

This proposal gives DHS the authority to use the biweekly remittance advice report as notice to a vendor or provider when seeking monetary recovery using MMIS for programmatically re-processed claims.

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services



Budget Book: Page 54

Fiscal Impact:

-10.6M in FY26/27

-282.1M in FY28/29

Improvements to the billing and oversight functions of disability, older adult, and behavioral health services. Changes include:

Electronic Visit Verification (EVV)

Requires providers to use an electronic visit verification (EVV) system to document service delivery, allowing DHS to analyze whether service delivery is aligned with the person's support plan and that claims submitted by the provider are aligned with services rendered.

This proposal expands EVV to: ARMHS, Peer Support Services, CRS, ACT, EIDBI, Customized Living, FRS, Adult Foster Care, Adult Companion Services, Adult Day, Homemaker, Waiver Transportation, NEMT, and CTSS.

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services *(cont.)*

Billing Limits

Adds or modifies billing limits to mitigate risk of overbilling. Billing limits are modified for the following services: Adult Companion, Assistive Technology, Chore Services, Day Support Services, EIDBI, Family Training, Homemaker, IHS, ILS, Night Supervision, PERS, Respite (In-Home), Waiver Transportation, ARMHS, IRTS, CTSS, Psychoeducation/ skills, Treatment Coordination, and Peer Services

Remote Services

Eliminates remote service provision for the following provider-controlled settings: Adult Day Services, Community Residential Services, Day Support Services, Family Residential Services, and Integrated Community Supports.

Electronic record of provider agreement

Establishes role-based access to MnCHOICES for providers to sign support plans, establishing an electronic record of services the provider is agreeing to provide.

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services *(cont.)*

Documentation Requirements

Requires HCBS residential providers to maintain staffing documentation on an ongoing basis to reflect actual staffing and services provided. Provides DHS authority to collect service delivery documentation directly from providers.

Ensuring rates paid reflect services provided

Many DWRS rates are established using staffing hours determined by the lead agency and service provider. This proposal establishes billing rules that require actual staffing and service delivery provided to the person to be within 90% of the planned staffing level that the DWRS rate is based on. When actual staffing is less than 90% of planned staffing, the provider's billing rate would be reduced by the difference between actual staffing and the 90% target. For example, if actual staffing delivered is 85% of planned, the provider rate would be reduced 5%.

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services *(cont.)*

Aligning Community Residential Services rates with a person's needs

Currently, rates are set based on hours entered into the rate framework, however there is no system mechanism to ensure those rates align with a person's needs. This proposal aligns Community Residential Services (CRS) rates with a person's acuity by placing an hourly staffing limit based on the person's case mix.

Aligning Customized Living rates with a person's needs

Currently, rates are set based on anticipated units provided to a person within a day, however there is no system mechanism to ensure those rates align with a person's needs. Aligns DWRS customized living rates with a person's acuity by establishing aggregate limits within the rate methodology, similar to limits utilized for customized living rates established for older adults.

Sunset of Disproportionate Share Program

Expedites the sunset of the Disproportionate Share Program by reversing last year's extension for the sunset so that rates reflect a person's needs and the services actually provided to them.

Enhancing Program Integrity in Integrated Community Supports (ICS) Services



Budget Book: Page 66

Fiscal Impact:
2.4M in FY26/27
-3.9M in FY28/29

Strategies to strengthen oversight of ICS:

- **Rate Reform:** Aligns rates with service delivery by establishing a 15-minute unit and incorporating billing units based on a person's acuity.
- **Housing Costs:** Authorizes Housing Support for eligible settings and recipients and codifies federal requirements that prohibit the use of Medicaid funds for room and board costs.
- **Documentation of Service Delivery:** Requires electronic visit verification.
- **Enhanced Oversight:** Adds requirements for service authorizations, including documentation of need and prior authorization requirements for high-cost service packages.
- **Moratoria:** Codifies ICS licensing and setting moratoria.

Enhancing Program Integrity and Quality in Nursing Home Rates



Budget Book: Page 86

Fiscal Impact:

-14.9M in FY26/27

-56.8M in FY28/29

Makes the following changes to nursing facility payments to enhance program integrity in rates paid to nursing facilities and to enhance the quality of care provided to Minnesotans:

- Removes add-ons that pay for costs twice in rates:
 - Planned Closure Rate Adjustment (PCRA) program
 - Performance-based Incentive Program (PIPP)
- Places maximum limits to reimbursement for health insurance costs
- Modifies the current quality limit formula to align reimbursement of care-related costs with individual nursing facilities quality performance, as intended with the original Value Based Reimbursement methodology

Market and Receipt-Based Rate Reform for Disability and Older Adults Services



Budget Book: Page 83

Fiscal Impact:
-504k in FY26/27
-4.5M in FY28/29

Limits to Administrative Fees

Currently, there is no explicit limit on the administrative fees a provider or lead-agency approved vendor may charge for arranging or delivering a market-rate or receipt-based service. This proposal caps administrative fees at 6%.

Future Rate Reform

Provides one-time funding to study and recommend rate methods for market-based services to ensure rates appropriately reflect costs of providing services.

Services in scope include: 24-hour emergency assistance, assistive technology, caregiver living expenses, chore services, crisis respite, environmental accessibility adaptations, family training and counseling, respite, specialist services, specialized equipment and supplies, transitional services, waiver transportation, and homemaking services.

Other Program Integrity Proposals

Uniform Service Standards Implementation (Page 75)

GF: 262k in FY26/27 and 400k in FY28/29; SGSR: 1.3M in FY26/27 and 1.1M in FY28/29

Fully implements the Mental Health Uniform Service Standards, which transitions certifications to licenses for outpatient and rehabilitative mental health services (CTSS, ARMHS, Crisis Response Services, & CCBHC).

Housing Stabilization Services Termination and Redesign (Page 72)

Updates statute to align with the termination of the Housing Stabilization Services program and directs DHS to develop recommendations to redesign a new housing services benefit with robust program integrity and service quality requirements by September 15, 2027. This proposal is budget neutral.

Other Program Integrity Proposals

Earlier Effective Date for Improving Supportive Housing Options (Page 80)

-9.2M in FY26/27 and -1.8M in FY28/29

Amends the Recovery Residence Certification initiative enacted in the 2025 legislative session to accelerate the implementation timeline. This proposal advances the certification requirement for recovery residences and the phase out of Free-Standing Room and Board (FSRB) programs effective July 1, 2026.

OIG Increased Fines and Licensor Safety (Page 92)

-19k in FY26/27 and -38k in FY28/29

Enhances accountability measures by increasing fines for health and safety violations as well as implementing additional enforcement mechanisms for threatening or abusive behavior toward staff. Fines for license holders who violate health, safety, supervision, or background study requirements will increase from \$200 to \$500 and fines for other licensing violations will increase from \$100 to \$300.



Other Critical Investments

Increasing Mental Health Supports: Coordinated Specialty Care Medicaid Benefit



Budget Book: Page 54

Fiscal Impact:
332k in FY26/27
8.6M in FY28/29

Adds a new Medical Assistance benefit to ensure individuals experiencing early episodes of psychosis can access person-centered and evidence-based care to support their mental health needs.

Coordinated Specialty Care (CSC) is the standard of care for treatment of First Episode Psychosis (FEP). It is an evidence-based, recovery-focused, team-based model that promotes access to care and shared decision-making among specialists, the person experiencing psychosis, and family.

Several of the services included in CSC are existing services in Minnesota and are billable to Medical Assistance as separate services. Existing state and federal grant funds support payment of services that are not covered by Medical Assistance. This proposal recommends defining a new service that includes specific requirements for a single bundled rate.

Federal Compliance: Access to Services for Incarcerated Individuals



Budget Book: Page 96

Fiscal Impact:
178k in FY26/27
3M in FY28/29

Provides investments to support the successful reentry of incarcerated individuals into their communities. This initiative aims to enhance public safety and ensure equitable behavioral health outcomes by creating a carceral pre- and post-release case management benefit set.

This proposal also aims to comply with federal law providing screening and targeted case management services to juveniles in carceral settings for 30 days prior to release and at least 30 days post release.

Both adult and juvenile services will provide coordinated supports during the highest-risk periods before and after release, helping to bridge the gap between incarceration and community stability.

Other Investment Proposals – Federal Compliance

Medicaid Access Rule (Page 110): 1.4M in FY26/27 and 2.3M in FY28/29

Provides investments required to comply with the federal Medicaid Access Rule. The Medicaid Access Rule was published by the Centers for Medicaid and Medicare services (CMS) in May 2024 with the goal of improving access to care, quality and health outcomes, program integrity and better addressing health equity issues in the Medicaid program across fee-for-service (FFS), managed care delivery systems, and in HCBS programs. These improvements will increase transparency and accountability, standardize data and monitoring, and create opportunities for states to promote active beneficiary engagement in their Medicaid programs, with the goal of improving access to care.

Household members background study FBI compliance (Page 122): 49k in FY26/27

Removes the requirement or authority for FBI checks for household members connect to adult day services and adult foster care. This change is needed for federal compliance. These members will maintain other background study requirements.

A young child is seen from behind, standing in front of a chalkboard. The child is wearing a red and white striped shirt and is pointing with their right hand towards a line graph drawn on the board. The graph features a vertical y-axis, a horizontal x-axis, and a line that starts at the origin, rises to a peak, dips slightly, and then continues to rise towards the top right corner. There are also some rectangular shapes drawn on the board, possibly representing data points or categories. The overall scene is dimly lit, with the chalkboard being the primary source of light.

Savings Proposals

Sustaining Disability Services Access through Efficiency Measures (Page 156): -2.3M in FY26/27 and -92.1M in FY28/29. Strategies to reduce rising expenditures:

- Limits billing for residential services to 351 days to align with the rate absence factor
- Modifies the absence and utilization factor for day services
- Reverses rate tier increases for Family Residential Services
- Restricts residential overnight factor in Community Residential Services

Behavioral Health Fund County Share to 50% (Page 151): -7M in FY26/27 and -13M in FY28/29. Increases the county share for the Behavioral Health Fund from 22.95% to 50%.

Reinstate Parental Fees for Incomes Over 675% of Federal Poverty (FPL) Guidelines (Page 168): -5.2M in FY26/27 and -37.1M in FY28/29

Reinstates parental fees for families with incomes of 675% of FPL (\$222,750 for a family of four).

Reduce Disability Grants (Page 153): -73.7M in FY26/27 and -5.8M in FY28/29

Eliminates the following disability grants: Disability services innovation grants, MnCHOICES modifications grant, pre-admission screening grant, day training and habilitation grants, and the long-term services and supports loan program.

Modify Nursing Facility Level of Care Eligibility for CADI/BI (Page 161):

-2.6M in FY26/27 and -42.6M in FY28/29

Modifies the nursing facility level of care criteria that determines eligibility for the Community Access Disability Inclusion (CADI) and Brain Injury (BI) waivers.

Limit Inflationary Adjustments in DWRS and Value Based Reimbursement (Page 151):

-923k in FY26/27 and -26.6M in FY28/29

Limits inflationary adjustments to two percent per year for disability waiver services in the disability waiver rate system and the value-based reimbursement system for nursing homes. Also includes interactive impacts with other proposals in the Governor's budget package.

A sunset over a desert landscape with silhouettes of people holding up puzzle pieces. The scene is bathed in warm, golden light, and the silhouettes are dark against the bright background. The puzzle pieces are arranged in a line, with one person on the right holding up a piece that fits into the larger structure.

Budget Neutral Proposals

MnCHOICES Efficiencies (Page 125)

Outlines three targeted strategies to streamline the MnCHOICES assessment process and address the capacity constraints of lead agency assessors:

- Eliminates a requirement for a lead agency assessor to conduct an in-person assessment for certain people seeking nursing home admission
- Eliminates an unnecessary step in the MnCHOICES assessment process (OBRA I screening) for people who are seeking services in the community
- Removes an access barrier for people who are temporarily in an institution and seeking to return to the community on their previous HCBS waiver, by making their previous assessment valid for 365 days

Budget Neutral Proposals

Federal Compliance with Certified Public Expenditures for Targeted Case Management (Page 134)

Brings Minnesota's targeted case management (TCM) services, provided by counties on a fee-for-service (FFS) basis, into compliance with Medicaid payment requirements. This requires establishing a new cost-based rate methodology and reconciliation process.

State Medical Review Team Waiver for Medical Records Fees (Page 142)

Technical change that specifically includes the Minnesota Department of Human Services' (DHS) State Medical Review Team (SMRT) in a statute that limits provider fees for medical records.

Budget Technical Changes (Page 146)

Incorporates technical changes within the accounting structure, technical language corrections, carryforward authority language, and specifying direct payments for Tribal and county governments.

Thank You!

For more information:
[2026 Supplemental Budget](#)